

**House File 648 - Reprinted**

HOUSE FILE 648

BY COMMITTEE ON APPROPRIATIONS

(SUCCESSOR TO HF 198)

(As Amended and Passed by the House May 12, 2015)

**A BILL FOR**

1 An Act relating to Medicaid special needs trusts.

2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 633C.1, subsection 8, Code 2015, is  
2 amended by striking the subsection.

3 Sec. 2. Section 633C.2, Code 2015, is amended by striking  
4 the section and inserting in lieu thereof the following:

5 **633C.2 Disposition of medical assistance special needs**  
6 **trusts.**

7 Any income or assets added to or received by and any income  
8 or principal retained in a medical assistance special needs  
9 trust shall be used in accordance with a standard that is  
10 no more restrictive than specified under federal law. All  
11 distributions from a medical assistance special needs trust  
12 shall be for the sole benefit of the beneficiary to enhance  
13 the quality of life of the beneficiary, and the trustee shall  
14 have sole discretion regarding such disbursements to ensure  
15 compliance with beneficiary eligibility requirements. Any  
16 distinct disbursement in excess of one thousand dollars shall  
17 be subject to review by the district court sitting in probate.  
18 The department shall adopt rules pursuant to chapter 17A for  
19 the establishment and disposition of medical assistance special  
20 needs trusts in accordance with this section.

21 Sec. 3. Section 633C.4, subsection 2, Code 2015, is amended  
22 to read as follows:

23 2. The trustee of a medical assistance income trust or  
24 a medical assistance special needs trust is a fiduciary for  
25 purposes of chapter 633A and, in the exercise of the trustee's  
26 fiduciary duties, the state shall be considered a beneficiary  
27 of the trust. Regardless of the terms of the trust, the  
28 trustee shall not take any action that is not prudent in light  
29 of the state's interest in the trust. Notwithstanding any  
30 provision of chapter 633A to the contrary, the trustee of a  
31 medical assistance special needs trust shall be subject to the  
32 jurisdiction of the district court sitting in probate and shall  
33 submit an accounting of the disposition of the trust to the  
34 district court sitting in probate on an annual basis.